

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00
DOTE-00 INR-07 NSAE-00 CIEP-01 FAA-00 L-03 /033 W
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FM AMEMBASSY LONDON
TO SECSTATE WASHDC 9519

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E.O. 11652: N/A
TAGS: EAIR, UK
SUBJECT: CIVAIR: CARGO RATES

1. SEABOARD LONDON OFFICE INFORMED BY ONE OF ITS
UK CLIENTS JAN. 13 THAT, BASED ON APPROACH OF BRITISH
AIRWAYS MARKETING REP, BA EXPECTED TO BE SIGNING CONTRACT
RATE AGREEMENTS WITH SEVERAL FORWARDERS JAN. 14. CLIENT
ASKED SEABOARD TO OFFER IN WRITING NO LATER THAN JAN. 14
THAT SEABOARD WILL MEET BA'S CONTRACT RATES.

2. BASED ON ABOVE AND NEED TO MAINTAIN COMPETITIVE
POSITION WITH BA, SEABOARD HAS BEEN INSTRUCTED BY
WASHINGTON ATTORNEYS (GELBAND) TO INFORM CLIENTS THAT IT
WILL MEET BA RATES EFFECTIVE WITH DATE RATES APPROVED BY
BOTH RESPECTIVE GOVERNMENTS. SEABOARD LONDON OFFICE
UNDERSTANDS DEPT. AND CAB INFORMED OF THIS SEABOARD
DECISION.

3. SEABOARD TOLD US THEY DO NOT INTEND TO FILE FOR CON-
TRACT AND COMMODITY RATES WITH UK CAA SINCE THEY STILL
OBJECT TO RATES BUT IN ORDER TO MAINTAIN COMPETITIVE
POSITION CONSIDER THEY HAVE RIGHT TO MATCH BA RATES. WE
UNDERSTAND NEITHER PANAM NOR TWA HAVE YET DECIDED TO
ACT TO MATCH BA RATES.

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4. COMMENT: IN VIEW DEPT. OF TRADE LETTER OF 25 NOV.
1976 (LONDON 19149, 11/26/76) SPECIFYING THAT US CARRIERS
MUST FILE CARGO RATES BY 12/31/76 AND NOT ADOPT DIFFERENT
RATE ON LESS THAN 30 DAYS NOTICE, SEABOARD IS SURELY
PUTTING ITSELF INTO POSITION WHERE UK DEPT. OF TRADE MAY
TAKE ACTION AGAINST CARRIER FOR VIOLATING THIS DIRECTIVE

(AND ALSO RATE FILING REQUIREMENTS OF BERMUDA AGREEMENT).
IN FACT, SEABOARD'S UK LAWYERS HAVE TOLD THEM AS MUCH
IN RESPONSE TO REQUEST FOR OPINION ON PROPOSED ACTION.
SEABOARD, PANAM AND TWA FIND THEMSELVES IN AN IMPOSSIBLE
POSITION. IF THEY DON'T OFFER TO MATCH BA RATES, THEY
STAND TO LOSE LONG TIME CUSTOMERS TO BA, AT LEAST FOR
PERIOD DURING WHICH BA WILL CONTINUE TO OFFER NEW RATES
WHILE CONFRONTATION BETWEEN US AND UK OVER CONFLICTING
US SUSPENSION ORDER AND /UK CAA ORDER TO BA (LONDON 442)
IS BEING RESOLVED. ON THE OTHER HAND, BY OFFERING TO
MATCH BA RATES WITHOUT FILING WITH CAA AND WAITING 30
DAYS, THEY CAN BE PUT IN POSITION WHERE DEPT. OF TRADE
CAN TAKE ACTION AGAINST THEM BY SUMMARILY MODIFYING
THEIR OPERATING PERMITS. IN VIEW OF CAB DENIAL OF BA
ONE DAY NOTICE FILING OF UK CAA ORDERED RATES WE SEE NO
LIKELIHOOD THAT UK WOULD ACCEPT SHORT NOTICE FILING BY
US CARRIERS IF THEY WERE TO MAKE ONE.

5. ACTION: WE BELIEVE DEPT. AND CAB MUST MAKE CLEAR
TO BA THE UK GOVERNMENT, SHIPPERS, AND FREIGHT FORWARD-
ERS THAT CAB WILL TAKE STRONG ENFORCEMENT ACTION, IF
NECESSARY, TO STOP BA FROM USING NEW RATES INTO US.
HOWEVER, SINCE BOTH US AND UK CARRIERS NOW CAUGHT
BETWEEN TWO CONFLICTING GOVERNMENTS ORDERS (US SUSPEN-
SION AND CAA ORDER TO BA) SOLUTION OF PROBLEM CAN
ONLY BE REACHED THROUGH CONSULTATION. SUCH CONSULTATION,
WHICH SEEMS INEVITABLE, SHOULD PROBABLY BE HELD NO LATER
THAN TIME OF NEXT US/UK BILATERAL MEETING ON RENEGOTIA-
TION. PERHAPS IF US IN POSITION TO FORMALLY PROPOSE
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CONSULTATION NOW, UK MIGHT BE WILLING TO DEFER BA USE OF
RATES UNTIL CONSULTATION CONCLUDED.

ARMSTRONG

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